

UNCLASSIFIED
Department of State

OUTGOING
TELEGRAM

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ORIGIN PER-05

INFO OCT-00 ADS-00 SS-10 EA-12 ALSE-00 /027 R

DRAFTED BY DGP/PC: WIBACCHUS: PER/PPM: DMSAMPAS: AP
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P 042216Z FEB 82
FM SECSTATE WASHDC
TO AMEMBASSY BEIJING PRIORITY

UNCLAS STATE 030717

E. O. 12065: N/A

TAGS: APER, ALOW, AFSP

SUBJECT: BASE PAY AND POST DIFFERENTIAL CAP

REF: BEIJING 00974

1. WE APPRECIATE YOUR CONCERN WITH THE IMPACT OF THE INCREASE IN THE BASE PAY CAP TO DOLLARS 50,500, WHILE THE CAP FOR PAY PLUS HARDSHIP DIFFERENTIAL REMAINS AT DOLLARS 60,562.50.

2. HOWEVER, WE SEE NO IMMEDIATE PROSPECT OF BEING ABLE TO RAISE THE COMBINED SALARY AND DIFFERENTIAL CAP. MEMBERS OF CONGRESS SHARE THE SAME PAY LEVEL - (EXECUTIVE LEVEL II) WITH COMS AT CLASS ONE POSTS. AND CONCERN HAS BEEN THAT ALLOWING PAY PLUS DIFFERENTIAL TO EXCEED CONGRESSIONAL SALARY MIGHT JEOPARDIZE THE DIFFERENTIAL SYSTEM. UNFORTUNATELY, EXECUTIVE LEVELS I AND II WERE NOT INCREASED JANUARY 1, ADDING TO THE PROBLEM OF COMPRESSION SINCE EXECUTIVE LEVELS III, IV (THE NEW SALARY CAP), AND V WERE RAISED. THE LONGER-TERM SOLUTION, WHICH DEPARTMENT SUPPORTS, IS FOR EXECUTIVE LEVELS I AND II TO BE INCREASED. THIS WOULD PERMIT INCREASE IN AMOUNT OF DIFFERENTIAL PAYABLE.

3. IT MAY BE OF SOME CONSOLATION TO NOTE THAT WHILE INCREASED SALARY BASE DOES INCREASE INSURANCE AND RETIREMENT CONTRIBUTIONS, LOWERING TAKE HOME PAY NOW, IT ALSO SUBSTANTIALEY INCREASES LIFE INSURANCE COVERAGE AND THE BASE UPON WHICH RETIREMENT "HIGH THREE" CALCULATIONS ARE MADE, SO EMPLOYEE GETS INCREASED BENEFITS FOR THE INCREASED WITHHOLDINGS. HAIG